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The role of diamonds in fuelling conflict

Letter dated 13 December 2005 from the Permanent Representative of the Russian Federation to the United Nations addressed to the President of the General Assembly

In its resolution 59/114 of 15 December 2004, the General Assembly decided to include in the provisional agenda of its sixtieth session the item entitled "The role of diamonds in fuelling conflict" and requested the Chair of the Kimberley Process to submit a report on the implementation of the Kimberley Process Certification Scheme for Rough Diamonds to the Assembly at its sixtieth session.

Pursuant to that resolution, I have the honour to transmit to the General Assembly, on behalf of the Chair of the Kimberley Process, the report on the progress made towards the implementation of the Kimberley Process (see annex).

In its capacity as the current Chair of the Kimberley Process, the Russian Federation has started the process of informal consultations on a draft consensus resolution on the Kimberley Process to be adopted immediately after a debate on that issue in the General Assembly on a date to be determined through your good offices, preferably after 19 December 2005.

In this regard, I kindly request that the present letter and its annex be circulated to the Member States as a document of the General Assembly and, taking into account progress achieved within the framework of the consultative process on the draft resolution of the sixtieth session of the Assembly on the role of diamonds in fuelling conflict, that consideration of the draft resolution under the above-mentioned agenda item be taken up by the General Assembly in plenary meeting for possible adoption during the period from 19 to 23 December 2005.

The Russian Federation, on behalf of the Kimberley Process, wishes to reaffirm the commitment to develop and improve the Kimberley Process Certification Scheme for Rough Diamonds, strengthen national certification systems and promote cooperation with the diamond industry in order to prevent the use of rough diamonds in funding conflicts. In this context, I count on the continued support of the General Assembly for the Kimberley Process.

(*Signed*) A. **Denisov**

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Annex to the letter dated 13 December 2005 from the Permanent Representative of the Russian Federation to the United Nations addressed to the President of the General Assembly

[Original: English and Russian]

Report of the Kimberley Process Certification Scheme to the United Nations General Assembly as per resolution 59/144 of 15 December 2004

The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflicts

Introduction

The present report is submitted pursuant to General Assembly resolution 59/144 of 15 December 2004, by which the Assembly requested the Russian Chair of the Kimberley Process for 2005 to submit a report on the implementation of the Process at its sixtieth session. Under resolution 59/144, the General Assembly also took the decision to include in the provisional agenda of its sixtieth session the item entitled "The role of diamonds in fuelling conflict".

The present report covers developments since the last report of the former Canadian Chair of the Kimberley Process, dated 24 November 2004. The present report takes into account the outcomes of the Kimberley Process plenary meeting in Moscow, Russian Federation on 15-17 November 2005. (The Final Communiqué is included in Appendix I. Appendix II indicates the composition of the subsidiary bodies of the Kimberley Process).

Implementing the Kimberley Process Certification Scheme

Over the past 12 months, the overarching objective of the Kimberley Process has been effective implementation of the KPCS within its essential architecture created at previous plenary meetings. Particular focus has been made on the improvement of statistical reporting, data assessment and on the continued implementation of peer review, enhancing cooperation with international organizations, representatives of industry and civil society.

Positive trends were achieved during the last ten months, including in terms of reaching certain understanding of the objectives of the KPCS review and of methods to achieve them, although many aspects of practical implementation of the scheme are still to be properly developed.

The authority and reputation of the Kimberley Process in the international community have increased. This manifested in the growing interest on the part of numerous academic and media structures and representatives of civil society with regard to the KP issues and outcomes of its work.

Participation

In 2005, two new countries were included in the list of the Kimberley Process Participants. Indonesia became a Participant on 1 August 2005 and Lebanon was reinstated in a full-member status on 20 September. Applications for joining the Kimberley Process from a number of countries are at different stages of readiness. To date, the following countries expressed their wish to join the Kimberley Process: Bangladesh, Cape Verde, Gabon, Kazakhstan, Republic of the Congo, People's Democratic Republic of Korea, Liberia, Mali, Mexico, Tunisia and Turkey.

The finalization and adoption at the KP Plenary in Canada in 2004 of the new Rules of Procedure defining the competence and authority of the KP Participation Committee have contributed to strengthening of the requirements for consideration of new applications to participate in the KP. As a result the role of this working body of the Kimberley Process has significantly increased.

One of the major tasks before the KP in the forthcoming period will remain ensuring the maximum participation in the KP of the countries involved in trade in rough diamonds that have not yet joined the process.

Peer review

In 2005 review visits to Sierra Leone, the Russian Federation, Guinea, United States of America, Angola, Namibia, Ghana, China, Togo, Armenia and Ukraine have taken place; an expert mission to Lebanon and a special mission of the KP to Liberia have been completed. Thus, a number of countries that received review visits has increased to 24.

The Kimberley Process has willingly responded to the request of the Government of Liberia to assess readiness of this country to meet the KPCS minimum requirements pending the UN Security Council Sanctions Committee hearings of the issue on sanctions with regard to this country. The findings of the mission formed the basis for the KP Chair's report to the UN Security Council on that issue and were taken into consideration in the adopted UN Security Council decision on Liberia.

The findings of the expert mission to Lebanon enabled to consider positively the question of Lebanon's rejoining the KPCS.

Bearing in mind special attention of the KP to the situation in the Western Africa, the KP Chair has addressed an official letter to the Government of Guinea with an urgent request to take all necessary steps for fulfilling the recommendations of the group of experts who took part in the review visit. The Government of Guinea expressed its understanding with regard to this letter and intention to fulfil the KP's recommendations.

In 2005 the KP continued to cooperate with the Government of the Republic of the Congo in order to create conditions allowing this country to fully meet the KPCS requirements and subsequently restore its full-fledged participation in the Kimberley Process.

The intersessional meeting and the KP plenary in Moscow have clearly highlighted the importance of finding a solution to specific problems of alluvial producer Participants for the attainment of the KP objectives. Based on the results of the work of the Subgroup on Alluvial Production the Declaration was adopted by

the KP plenary meeting in Moscow setting out recommendations for effective internal controls over alluvial diamond production and supporting potential donors in channelling targeted capacity-building assistance to alluvial producer Participants in order to further the effective implementation of the Certification Scheme. The mandate of the ad-hoc Subgroup on Alluvial Production was renewed.

Conflict diamond-affected countries

During the current year, the KP have been following closely the situation in Côte d'Ivoire in light of the ongoing illicit production of diamonds in the Northern diamondiferous regions of the country that have been under rebel-controlled since 2002.

In April 2005, the Chairperson of the Participation Committee visited Côte d'Ivoire in the capacity of a KP Chair's special deputy, met with government representatives and prepared a report on the situation in the country. Based on his report and on the information of the Working Group on Monitoring, in May this year the KP Chair sent a letter containing assessment of the diamond mining situation in the country to the Head of the Panel of experts for Côte d'Ivoire and to the Chairman of the UN Security Council Committee on Sanctions for Côte d'Ivoire. In particular, it was indicated in the letter that the Kimberley Process had reason to believe that in 2005 illicit production of rough diamonds was ongoing in Côte d'Ivoire.

The opinion was expressed on advisability of cooperation between the Kimberley Process and the United Nations on issues of the KPCS implementation in this sub-region of Africa. The information note on the current situation in Côte d'Ivoire sent by the Chair to all KP Participants and Observers warned about leakage of rough diamonds from the conflict zone in that country.

A resolution outlining a series of measures to prevent the introduction of conflict diamonds from Côte d'Ivoire into the legitimate trade was adopted at the KP plenary meeting in Moscow. The KP Participants agreed to conduct a detailed assessment of the volume of rough diamonds produced in, and exported from, Côte d'Ivoire, which is to be carried out in cooperation with the United Nations, as well as joint efforts with Participants in the region to identify where diamonds from Côte d'Ivoire could be entering into the trade. All Participants were requested to take action, as appropriate, against any of their nationals or companies found to be involved in illicit diamond trade or production in Côte d'Ivoire. The representative organizations of the international diamond industry agreed to draw the urgent attention of their members to the ongoing illicit production of diamonds in Côte d'Ivoire, and to ensure that they cooperate fully in preventing conflict diamonds produced in Côte d'Ivoire from entering into the legitimate trade.

Issues of practical implementation of the Certification Scheme

In 2005 the KP was taking steps to address the technical aspects of meeting the KPCS requirements in international trade. In cooperation with the World Customs Organisation the work has been undertaken to specify the classification of rough diamonds and the terminology in use by the KP. A number of important precedents has been set of resolving specific situations in rough diamond trade. In particular, after consideration of the official address from the United Arab Emirates the

attention of the KP Participants and the diamond industry has been drawn to the issue of fair valuation of rough diamond shipments.

Compilation and analysis of statistical data and annual reports

Reliable statistical information on the volumes of production and trade in diamonds is of critical importance for goals of fighting conflict diamonds and effective implementation of the KPCS.

In 2005 the KP has worked towards improving the compilation and analysis of statistical data. However, the situation in this field needs to be further improved as highlighted by the KP observer non-governmental organizations. In this regard the Chair has addressed trough diplomatic channels the designated authorities of 14 KP Participants calling on them to improve the situation in the field of provision of statistical information.

At present almost all KP Participants are taking necessary measures to compile and provide reliable statistical information. The issue of statistics has been the subject of discussions between the KP Chair and the appropriate UN structures.

An Administrative Decision on use of the Kimberley Process Certificate-based data by Participants when submitting trade data has been adopted at the KP plenary meeting in Moscow, thereby allowing to unify the approaches to compilation and analysis of statistical data. New guidelines on submission of statistical reports in the KP has been prepared.

The requirements to the KP Participants non-compliant with the existing statistical submissions procedures were reinforced, including the measures to suspend the participation in the KPCS.

Interaction with international organizations

Contacts with international organizations were an important component in the work of the KP. To this end concrete steps have been made towards broadening interaction with a number of international structures, including meetings in the United Nations, World Bank and International Monetary Fund, bringing promising results in terms of future cooperation.

Further Implementation of the Certification Scheme

In accordance with the decision on the implementation of the Kimberley Process Certification Scheme adopted in 2002 in Interlaken (Switzerland) a periodic review of the scheme should be undertaken every three years. In 2005 basic principles and methods of the review were elaborated and a special working body was defined mandated to present a report and recommendations on the review of the certification scheme for consideration by the 2006 Plenary in Botswana.

Further work in this field should be directed towards strengthening of the Kimberley Process as a unique international forum aimed at exclusion of conflict diamonds from legal trade and prevention of their use in funding conflicts.

Suggestions for next steps are to be taken by the Kimberley Process

- continue interaction of the Kimberley Process with international organizations, first of all with the United Nations Security Council and UN Secretariat, including in terms of formalising the relations;
- consider appropriate forms of participation in the KP of organisations and companies that form the global diamond market infrastructure (transportation, insurance, banking and other structures) in order to strengthen the process and ensure the maximum effective implementation of the KPCS;
- continue work to strengthen the role of the diamond industry and of its measures to prevent the introduction of conflict diamonds into the legitimate trade;
- ensure development of cooperation with international initiatives and representatives of the civil society active in realisation of social, economic and humanitarian programmes related to diamond production.